

REMARKS

Claim Rejections Under 35 USC 112

Claim 12 has been rejected under 35 USC 112 as being indefinite because of the use of "and/or" in the claim. Claim 12 has been amended to recite – the following operations—in place of "the following functions and/or operations".

The Examiner apparently also rejects Claims 13, 14 and 16 under 35 USC 112 because of the use of instances of the term "processing/controlling". The "processing/controlling" term has been replaced by the word –controlling--.

Regarding Claim 20, the Examiner states that the "plurality of tax designated computers" may have been intended to mean -- plurality of tax authority designated computers--. Claim 20 has been amended accordingly.

Thus, it is believed that all 35 USC 112 rejections have been overcome.

Claim Rejections Under 35 USC 102

The Examiner has rejected Claims 12-16 and 18-21 under 35 U.S.C. 102(b) as being anticipated by Golden et al U.S. Patent 5,774,872. In particular, the Examiner states that Column 5, Lines 7-12 of Golden disclose receiving first transaction information substantially at the same time the transaction is conducted. Moreover, the Examiner apparently is equating Golden's central computer 12 with the "control system" of Claim 12. The Golden passage cited by the Examiner is included (and underlined) in the following Golden passage (Column 4, Line 62 to Column 5, Line 19):

"The data collected by the central computer is stored in the appropriate data files. The central computer is programmed to analyze the collected data and provide, either on a periodic basis or upon request, various types of reports and summaries. For example, the central computer is programmed to analyze the collected data and provide, either on a periodic basis or upon request, various types of reports and summaries. For example, the central computer may generate for each merchant a periodic report reflecting the total value of transactions performed by the merchant and the total value of the transaction tax generated by the transactions during that period. When provided with such reports, the

governmental taxing authority will then know exactly how much transaction tax is due from each merchant. The taxing authority can use this information to directly assess the tax due to each merchant, or can use it to verify the amounts actually sent by the merchant. In another embodiment, the system of the present invention further includes electronic data links to financial institutions to provide for the automatic collection of the taxes owing, thus considerably streamlining the collection process.

The central computer can also generate a report for each merchant on a periodic basis, such reports again reflecting the total value of the transactions for the period as well as the tax generated thereby. Such information can be very useful to merchants who suspect theft by employees since these reported figures may be checked against the merchant's own records."

When read in context the first paragraph of the above-cited Golden passage appears to be directed to:

- (a) communicating reports from the central computer 12 and to the governmental taxing authority 38 (i.e., from the cited Golden passage above: "the central computer may generate for each merchant a periodic report reflecting the total value of transactions performed by the merchant and the total value of the transaction tax generated by the transactions during that period. When provided with such reports, the governmental taxing authority will then know exactly how much transaction tax is due from each merchant."), and
- (b) automatically collecting of taxes owed, wherein "electronic data links" provide for such automatic collection from financial institutions 39 to presumably the governmental taxing authority 38 for "the automatic collection of the taxes owed". This is more fully clarified in the following Golden passage (Col. 7, Lines 46-52):

"The central computer 12 may also generate a report on a merchant which is automatically sent to the financial institution 39. The amount reflecting transaction taxes collected by the merchant and owing to the state may be automatically transferred from financial institution 39 to the central computer 12, or, alternatively, directly to the state government 38."

It does not appear that the above-cited Golden first paragraph is directed in any way to communications received by Golden's central computer 12. Accordingly, the above-cited Golden first paragraph does not appear to apply to "the control system" of Claim 12 since the communications received from the first merchant computer are "from the plurality of merchant computers including first transaction information from the first merchant computer at substantially a same time said first transaction is conducted" (from Claim 12, page 58, lines 15-17).

Moreover, it is believed that any interpretation of the above-cited first Golden paragraph which might appear to be directed toward Golden's central computer 12 (and the Claim 12 control system) receiving such communications from a merchant appears to be precluded since the subsequent above-cited second Golden paragraph is directed to communications with merchants (i.e., the second paragraph starts out with "The central computer can also generate a report for each merchant...").

Furthermore, every embodiment of Golden provides for reporting "taxable transactions" after such taxable transactions occur. In particular, Golden is directed to receiving reports of previously completed taxable transactions provided on a periodic basis, wherein the Golden system apparently periodically polls each "remote vendor location" (e.g., merchant location) for information relating to previously conducted taxable transactions. For example, the following Golden passages are illustrative:

"In one embodiment of the system of the present invention, the central computer is in communication with each taxable transaction terminal via an electronic data link connecting the two. The computer is programmed to interrogate each transaction terminal on a periodic basis. When so interrogated, each terminal is operative to generate the transmissible data concerning the transactions which *have occurred* on the terminal so that they can be transmitted via the electronic data link to the central processing unit." (Col. 3, Lines 19-27)

"Each data collection sub-station is electronically linked (such as via telephone lines) with both the central computer and with each point of sale terminal. The data collection sub-stations of this embodiment of the present system are, preferably, under the control of the central computer. Thus, the central

computer sends control signals via the data link to each data collection sub-station directing it to perform a data collection routine for each point of sale terminal. The data collection routine is performed for each point of sale terminal on a periodic, rotating basis. That is, the central computer directs each data collection sub-station to contact each point of sale terminal on a periodic basis (such as a daily or weekly, for example)." (Col. 3, Lines 49-61)

"In a third embodiment of the point of sale terminal useful with the present system, the terminal is a self contained, portable unit. By appropriately downsizing the components, the portable terminal can be small enough to be hand held and, yet, contain input means, display, processor, and memory. Unlike the stand alone and software only terminals, the portable terminal will typically not be connected to the data network. It may be used in remote locations where such data connection would be impossible. However, the portable terminal is provided with a conventional telephone jack and may be connected to the network via a standard telephone. While the portable terminal alone cannot, of course, be automatically and periodically contacted by the data collection sub-station as is the case for the other types of terminals, it is possible to design the terminal, either by programming or hard wiring, so that it is functional only if connected to the network on a periodic basis to download data." (Col. 4, Lines 45-61)

"The data collection sub-station 30, in the depicted embodiment, serves as a data relay station. It is under the control of the central computer 12 via second data link 34. The central computer 12 sends control signals via the data link 34 to each data collection sub-station 30 which enable the sub-station 30 to perform its data collection function. Preferably, this data collection function is performed on each associated point of sale terminal 16 on a rotating, periodic basis. That is, data collection sub-station 30 will be contact a first terminal 16A and request that the sales transaction and tax data stored therein be transmitted via data link 32. After that data transmission is completed, sub-station 30 will then contact

terminal 16B, and so on until data has been collected from all of terminals 16 associated with a particular substation 30." (Col. 7, Lines 1-14)

Thus, it is believed that Claim 12 as originally filed is not anticipated by Golden. However to further distinguish the invention of Claim 12 from Golden, Claim 12 has been amended to recite that the "first transaction information (is) received from the first merchant computer during a same time said first transaction is conducted". Thus, it is respectfully submitted that amended Claim 12 is patentable.

Accordingly, since Claim 12 is believed patentable, Claims 13-21 are also believed to be patentable due to their dependence upon Claim 12.

Regarding new Claims 43 through 49, these Claims are also dependent (either directly or indirectly) upon Claim 12, and accordingly they are also believed to be patentable.

Regarding new Claim 50, this independent claim is also recites features of a network taxation gateway that acts as an intermediary between a plurality of merchants and various tax authorities for the determining of taxes on financial transactions while such a transaction is in progress.

Accordingly, it is believed that Claim 50 is patentable. Moreover, new Claims 51 through 67 are dependent upon Claim 50, and thus are believed to be patentable, at least due to their dependence on Claim 50.

Attached hereto is a marked up version of the changes made to the specification and claims by the current amendment. The attached page is captioned "Version With Markings to

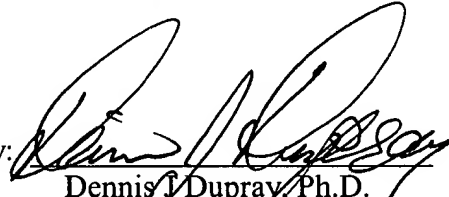
Show Changes Made."

Based upon the foregoing, Applicants request reconsideration of the present application. Applicants believe that all pending claims are in condition for allowance and such disposition is respectfully requested. In the event that a telephone conversation would further prosecution and/or expedite allowance, the Examiner is invited to contact the undersigned.

Respectfully submitted,

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VERSION WITH MARKINGS TO SHOW CHANGES MADE

IN THE SPECIFICATION:

The paragraph beginning on page 3, line 30 has been replaced with the following paragraph:

It is a further aspect of the present invention that the privacy of all purchasers is protected since no report of any purchaser identification information is provided to any tax authority, nor is a purchaser's identification required for a tax calculation and/or collection. Instead, only the [purchaser s]purchaser's address is required for identification purposes in connection with tax calculation and collection. The present invention enables tax authorities to collect sales, use and other taxes from, e.g., worldwide web transactions just as they would for traditional sales to customers at the retail outlet itself. All merchants are treated the same with respect to tax calculation and collection since the network taxation system does not distinguish among merchants. Also, the present invention is transparent to the customers of merchants, and there need not be any increased cost passed onto the customer and/or merchant beyond the tax obligations which should be rightfully paid.

The paragraph beginning on page 10, line 1 has been replaced with the following paragraph:

With reference to Fig. 2, further detail is provided of the control system 32 and its network communications with a merchant (via merchant node [44]50₁), the merchant's bank (via merchant bank node 54₁) and the tax authority node 60₁ (which, in at least some embodiments, may be the financial institution for the taxing authority). In particular, Fig. 2 illustrates that the present invention, in addition to computing taxes on network 46 sales, also acts as a clearinghouse for the collection of taxes (e.g. sales taxes, use taxes, excise taxes, etc.) and for providing of reports to the appropriate tax authority and/or merchant.

The paragraph beginning on page 26, line 12 has been replaced with the following paragraph:

(1.4) Tax authority interaction control system 432: For those tax authorities (or other authorized entities) that are permitted to modify tax criteria data, e.g., how transactional taxes are calculated, the tax authority interaction control system 432 controls and/or provides the communications interface for communicating via the network 46 with such tax authorities (or more precisely, the tax authority nodes 60). Thus, the tax authority

interaction control system 432 includes a network interface and security subsystem 252B which may be identical to the network interface and security subsystem 252A of the merchant interaction control system 256 mentioned hereinabove. In particular, the network interface and security subsystem 252B provides a secure socket layer (SSL) as part of the network 46 interface with the tax authority nodes 60. Further note that the subsystem 252B may provide encrypted communications using, e.g., public/private encryption keys (e.g., DES, DES3 or IPSEC) and/or an encryption key per tax authority as one skilled in the art will understand. The network interface and security subsystem 252B (and 252A) includes the appropriate[d] modules for transmitting and receiving data from the network 46 according to the network protocols supported by the network 46. Thus, if the network is the Internet (or portion thereof), then TCP/IP as well as other protocols such as http, html, and FTP may be supported as one skilled in the art will understand.

The paragraph beginning on page 33, line 22 has been replaced with the following paragraph:

Figure 9 describes the high level steps performed by the present invention when calculating the tax(es) on a customer 44 purchase of a product from a merchant enrolled with the network taxation system 32. Accordingly, in step 604 of Figure 9 a merchant's e-commerce engine/server 86 commences processing a sale of a product to a customer 44. Note that instead of the sale being via the merchant's e-commerce engine/server 86 wherein the customer 44 is remotely linked to the merchant by the network 46, the customer 44 may instead be interacting with personnel for the merchant wherein the sales transaction information is entered into an off-line sales transaction system (as this term has been described hereinabove). Since in either case (i.e., whether the customer 44 purchases a product via the merchant's e-commerce engine/server 86, or the merchant's off-line sales transaction system), substantially the same steps are performed by the present invention whenever taxes are to be computed by a tax gateway 34 or 40. In step 608, the tax agent subsystem 48 (e.g., a tax gateway plug-in 82) is activated at the merchant's site for requesting tax calculation by a tax gateway 34 or 40. In particular, the tax agent subsystem 48 transmits sale transaction data about the sale to the tax gateway. Subsequently, in step 612, the merchant interaction control system 256 receives the sale transaction data. More particularly, the network interface and security 252A receives the sale transmission data via, e.g., a secure socket layer (SSL) and verifies that the sale transaction data is from an enrolled merchant. In one embodiment, such verification may be performed by the

merchant permissions system 452. In another embodiment, such merchant verification may be performed by the merchant enrollment system 444. Regardless of which of the systems 444 and 452 are activated for performing merchant verification, such verification is performed by retrieving the (any) merchant's identification record and associated business rules (that the merchant has selected) from the merchant database 456. Subsequently, in decision step 616, the merchant interaction control system 256 uses the sale transaction data together with the merchant's business rules for determining whether to calculate at least some transactional taxes, or provide only a verification (and/or enhancement) of an address for the customer 44 provided within the sales transaction data. Note that since some of the merchant's business rules may provide certain default types of processing for such sale transaction data, processes for implementing the merchant selected business rules will be performed unless: (a) the sale transaction data has information specifying alternative processing for one or more of the merchant selected business rules, and (b) such business rules permit such alternative processing. Thus, a merchant may select as a business rule that all sale transaction data instances received by the tax gateway 34 or 40 should have all applicable taxes computed. However, the merchant may specify in a given instance of sale transaction data that no taxes are to be calculated, and instead, only the customer's address is to be verified. Further, note that the present decision step of 616 may be performed through the activation of the GUI controller 436A when the sale transaction data (or instance thereof) is provided interactively via the merchants network browser 52, or interactively via some version of the tax agent subsystem 48 which is used as an adjunct to the merchants off-line sales transaction system. Alternatively, decision step 616 may be performed independently of the GUI controller 436A when an instance of the sale transaction data is provided automatically via the tax gateway plug-in 82.

The paragraph beginning on page 52, line 32 has been replaced with the following paragraph:

5. Reporting Location ID: Can be an identifier that a tax authority assigns to uniquely identify data when more than one tax authorities' taxes are reported on a common document as occurs with (United States) States that collect taxes and receive reports that cover their own as well as county taxes, etc.

The paragraph beginning on page 53, line 12 has been replaced with the following paragraph:

8. Taxable Percentage: a value representing the percentage of a line item that is taxable (i.e. if this amount is greater than zero, the value of a line item is multiplied by this value and the intermediate result is then divided by 100 and the result is the amount on which a tax rate from an instance of tax rate data, as defined hereinabove, is applied).

The paragraph beginning on page 54, line 1 has been replaced with the following paragraph:

11. Over Maximum Tax Rate: a value, expressing a percentage of the accumulated amount of line items and/or individual products that exceed the amount, as defined in Maximum Taxable Amount, as defined hereinabove, used to calculate all or part of the tax imposed, if this method of taxation is used ~~[far]~~for a particular tax code.

The paragraph beginning on page 55, line 1 has been replaced with the following paragraph:

19. Fee Amount: a value that can be applied as a tax either as an addition to the tax calculated from a tax rate (from an instance of tax rate data as defined hereinabove), or in lieu of such a tax rate.

IN THE CLAIMS:

Claim 12 has been amended as follows:

12. (Once Amended) In a system involved with the collection of taxes related to at least one of sales of goods and[/or] services that includes a plurality of customer computers including a first customer computer, a plurality of merchant computers including a first merchant computer associated with a first merchant having a first merchant account, a plurality of merchant bank computers including a first merchant bank computer, a plurality of tax authority designated computers including a first tax authority designated computer associated with a first tax authority having a first tax authority account, and one or more communication networks for enabling communications among the customer computers and the merchant computers and for

enabling communications among the merchant computers and the merchant bank computers,

a control system that performs the following [functions and/or] operations:

communicates with each of the plurality of merchant computers using the one or more communication networks;

communicates with each of the plurality of merchant bank computers using the one or more communication networks;

communicates with each of the plurality of tax authority designated computers using the one or more communication networks;

stores debit information related to authorized debits, wherein each of the authorized debits is for debiting a corresponding one [obtained from each] of the plurality of merchant banks;

stores credit information related to providing credits to each of the plurality of tax authority designated computers;

stores merchant information related to each of the plurality of merchants including identities of the merchants;

stores tax authority information related to each of the plurality of tax authorities including identities of the tax authorities;

receives, from each of the plurality of merchant computers, transaction information related to a taxable transaction between the merchant associated with the merchant computer, and another party to the transaction associated with some one of the customer computers, [from the plurality of merchant computers] including first transaction information received from the first merchant computer during [at substantially the] a same time said first transaction is conducted;

debits at least the first merchant bank computer in a first tax amount related to said first transaction information;

credits said first tax amount to the first tax authority designated computer; and

provides generated reports to the tax authorities associated with the plurality of tax authority designated computers.

Claim 13 has been amended as follows:

13. (Once Amended) In a system, as claimed in Claim 12, wherein:

said control system includes a main tax gateway and at least a first distributed tax gateway. in communication therewith, said main tax gateway including a [processing/]controlling subsystem and a memory subsystem in communication with said [processing/]controlling subsystem, said memory subsystem storing said debit information, storing said credit information, storing said merchant information and storing said tax authority information.

Claim 14 has been amended as follows:

14. (Once Amended) In a system, as claimed in Claim 13, wherein:

said [processing/]controlling subsystem being used in debiting the first merchant bank computer in the first tax amount and being used in crediting the first tax amount to the first tax authority designated computer, wherein said controlling subsystem includes:

a merchant related data store including, for each of a plurality of merchants having a corresponding one of the merchant computers, merchant bank information identifying the merchant's bank, wherein there is first and second merchant bank information identifying, respectively, the first merchant bank and a second merchant bank for a second merchant, wherein the first and second merchant banks are different, and wherein said merchant related data store is accessed for performing said debits operation [said processing/controlling subsystem also being used in providing said generated reports to the tax authorities].

Claim 16 has been amended as follows:

16. (Once Amended) In a system, as claimed in Claim 13, wherein:

said first distributed tax gateway includes a first distributed [processing/]controlling subsystem and in which at least one of said first distributed [processing/]controlling subsystem and the first merchant computer calculates said first tax amount using a tax collection agent.

Claim 20 has been amended as follows:

20. (Once Amended) In a system, as claimed in Claim 13, wherein:

said main tax gateway memory subsystem stores information related to requirements as to when the plurality of tax authority designated computers are to be credited with said first tax amount and stores information related to correlating the identity of the first merchant with the identity of the first merchant bank.

Claims 43-67 have been added.